



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 25, 2007

H.R. 23 **Belated Thank You to the Merchant Mariners** **of World War II Act of 2007**

*As ordered reported by the House Committee on Veterans' Affairs
on July 17, 2007*

SUMMARY

H.R. 23 would make certain individuals who served as merchant mariners for the United States during World War II eligible for a monthly payment from the Department of Veterans Affairs (VA) and would require VA to conduct an annual report on the status of the new benefit program. CBO estimates that implementing H.R. 23 would cost \$120 million in 2008 and \$485 million over the 2008-2012 period, assuming appropriation of the authorized amounts. Enacting the bill would not affect direct spending or receipts.

H.R. 23 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 23 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	120	108	97	85	75
Estimated Outlays	120	108	97	85	75

BASIS OF ESTIMATE

H.R. 23 would entitle certain individuals who served with the U.S. Merchant Marine during World War II to a monthly benefit of \$1,000, subject to the availability of funds for that purpose. To be eligible for the benefit, individuals would need to submit an application by October 1, 2009, and to demonstrate that they served as a merchant marine between December 7, 1941, and December 31, 1946, on a vessel that was:

- Operated by the War Shipping Administration or the Office of Defense Transportation;
- Operated in waters other than inland waters, the Great Lakes, and other lakes, bays, and harbors of the United States;
- Under contract or charter to, or property of the government of the United States; and
- Serving the Armed Forces.

H.R. 23 would establish the Merchant Mariner Equity Compensation Fund. Amounts in the fund would be used to pay the monthly benefit to eligible individuals, on a first-come, first-served basis. The bill would specifically authorize the appropriation of \$120 million in 2008, \$108 million in 2009, \$97 million in 2010, \$85 million in 2011, and \$75 million in 2012.

Based on information from VA on the number of merchant mariners that served during the specified period, their average age, and mortality rates from the Department of Defense, CBO estimates that, in 2008, about 65,000 merchant mariners would have the requisite service qualifications and that one-quarter of them, or about 16,000, would apply for the benefit. However, the authorized amounts under H.R. 23 would provide for a maximum of 10,000 merchant mariners to receive the monthly benefit in 2008. Therefore, CBO assumes that 10,000 eligible merchant mariners would apply for and receive the full authorized amount in 2008.

Using the same mortality rates described above, CBO estimates that there will be a sufficient number of surviving merchant mariners in each of 2009 through 2012 to exhaust all of the funds authorized to be appropriated for that period.

For this estimate, CBO assumes that H.R. 23 will be enacted near the beginning of fiscal year 2008 and that the specified amounts will be appropriated near the start of each fiscal year. In total, CBO estimates that implementing H.R. 23 would cost \$120 million in 2008 and \$485 million over the 2008-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 23 contains no intergovernmental or private-sector mandates as defined in URMA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Dwayne M. Wright

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Victoria Liu

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis